A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 63 - No. 9 September, 1985

PAPER AND PAPERBOARD: THIRD QUARTER 1985

Economic Trends

The "flash report" of the Department of Commerce showed that total economic activity, as measured by the real gross national product (real GNP), rose at the rate of 2.8% per year in the third quarter of 1985. If sustained, this rate of growth marks an improvement over the 1.1% per year growth rate of the first half of 1985, and would be in line with the estimated long-term growth rate of the economy.

The third quarter 1985 real GNP is estimated to be only 2.3% above its year-earlier level. This rate, although better than that of the first half, is below the 4.8% per year rate obtained during the strong cyclical upswing that started in the fourth quarter of 1982 and continued through the third quarter of 1984.

These trends are shown in the third line of the chart on page 10. That chart also shows the trends of paper and paperboard production and new supply along with real GNP, on an annual basis for the 1976-1982 period, and on a quarterly basis (at annual rate) for the subsequent periods.

The relatively steep uptrend in real GNP for the 1976-1978 period, when growth averaged 5.2% per year, reflected the cyclical recovery that started in the third quarter of 1975. The flatter trend from 1979 to 1982 shows the impact of the back-to-back recessions of 1980 and 1982.

This chart also highlights the close relationship between the new supply of paper and paperboard, and real GNP. The top line shows the pattern of new supply. Because the chart uses ratio scales, all the trends shown are directly comparable in terms of percentage growth rates. The second line on the chart plots paper and paperboard production.

The bottom line represents the ratio between new supply and real GNP. The parallel movement of new supply and real GNP in the 1976-1979 period are reflected in the flat trend of the ratio in that period. During the recessions of 1980-1982 new supply lost ground relative to real GNP and the ratios moved down. In the 1983-1984 recovery, paper and paperboard demand grew faster than real GNP and not only recovered the ground lost in the previous recessions, but, moved to a higher level.

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This additional strength, however, appears to reflect a build-up in inventories of paper and allied products by many end users. The slower real GNP growth was accompanied by a reduction in the new supply of paper and paperboard as users began to reduce excess inventories.

The chart also highlights the effect on new supply of expanded paper and paperboard imports and the reduced exports evident since mid-1983. This is reflected in the steeper growth of new supply relative to production and the widening spread between these two trends.

Most of the increase in net imports that occurred since 1982 can be traced to the effects of the high value of the U.S. dollar in international markets although, as noted in the August issue of this report, there were some grades in which the increase in imports in early 1984 reflected the effects of the prevailing capacity/demand ratios. Nonetheless, the recent reductions in the trade-weighted value of the U.S. dollar will be followed after awhile by reduced imports and increased exports.

Paper and Paperboard Production by Grade: January-August 1985

Paper: Preliminary data indicate that the trend position of total paper production (two-months moving average of the seasonally adjusted data) in the third quarter of 1985 moved above the 34 million tons per year rate, gaining 2% from the second quarter low. On the basis of complete grade-by-grade data for the January-August 1985 period, as presented on the table on page 3, the seasonally adjusted rate of production in that period averaged 34.1 million tons per year, 1.2% below its year-ago rate but still within 1% of the record high annual rate of 34.4 million tons attained in 1984.

Shipments of two of the major paper grades, namely, uncoated free sheet papers and tissue papers, showed gains over their corresponding year-ago rates in the January-August 1985 period. Imports of uncoated free sheet papers in the first seven months of 1985 declined by 35% from their comparable year-ago level, while exports strengthened slightly (see page 9).

Some weakness was evident in coated paper shipments to magazine publishers and commercial printers in the January-August 1985 period, bringing total coated paper shipments from U.S. mills 3.1% below their comparable year-ago level. Total demand for coated papers had been particularly strong in 1983 and 1984, resulting in an increase in imports to a level that accounted for 6.5% of the total new supply in 1984. The decline in shipments of coated papers from United States mills in 1985 was partially offset by a gain of 43% in imports, which grew to 8.2% of the total new supply in the January-July period. The 1985 year-to-date new supply rate is estimated at 1.2% below the 1984 new supply total. Shipments from U.S. mills, however, declined 2.1% during those months.

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PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

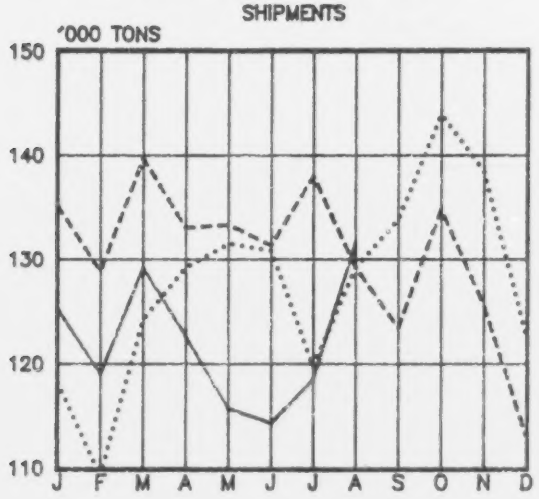
	YEAR 1983	YEAR 1984	MAY 1985	JUNE 1985	JULY 1985	AUG. 1985	Annual Rate Y-T-D 1985	% Change From same Period Last Year
PAPER								
Newsprint - Production	5167	5539	461	449	458	456	5484	-1.8
- Shipments	5153	5584	452	448	445	454	5441	-3.7
Printing & Writing sum	17370	18403	1546	1476	1480	1575	18522	-0.1
Groundwood Paper - Shipments	1531	1565	116	114	119	132	1464	-8.6
- New Orders	1581	1575	121	142	133	138	1495	-8.6
-Unfilled Orders	145	140	93	121	138	142	142	-8.3
Coated Papers - Shipments	5716	6249	496	456	470	492	6049	-3.1
- New Orders	5864	6281	464	492	452	456	5773	-8.1
- Unfilled Orders	513	575	410	442	423	389	389	-28.9
Unctd Free Sheet - Shipments	8780	9207	824	788	789	840	9672	4.0
- New Orders	9076	8939	827	771	752	820	9652	7.9
- Unfilled Orders	687	430	500	479	436	426	426	-32.5
Thin Papers - Shipments	280	275	24	25	20	23	281	0.0
Cotton Fiber Paper - Shipments	133	147	13	12	10	12	142	-4.4
Bleached Bristols - Production	931	959	75	80	72	76	915	-4.7
Tissue Paper - Production	4789	4920	419	416	407	427	4949	2.1
Total Packaging & Other Paper	5497	5555	444	419	413	441	5200	-9.3
Unbl. Kraft Paper - Shipments	3666	3666	290	267	280	282	3400	-9.6
Other Paper - Production	1832	1889	154	152	133	159	1800	-8.7
TOTAL PAPER-Production-Unadj. *	32823	34417	2870	2760	2759	2899	34156	-1.6
-Production-S.A. *			2786	2820	2912	2820	34096	-1.2
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	24779	26403	2178	2070	2049	2225	25494	-4.8
Unbl. Kraft Linerboard (1)	15001	16037	1316	1211	1202	1304	15216	-6.3
Production for Export	2281	2086	149	157	153	164	1728	-23.8
Other Unbl. Kraft Paperboard	1121	1149	102	115	113	109	1214	0.6
Semichemical Paperboard	4731	5169	431	419	412	460	5072	-3.1
Production for Export	193	149	12	15	22	20	182	22.5
Solid Bleached Paperboard	3926	4048	328	325	321	352	3992	-3.0
Production for Export	515	478	41	40	35	31	450	-7.5
Recycled Paperboard	7398	7637	708	668	573	672	7674	-1.9
Production for Export	24	17	1	1	1	1	15	8.7
TOTAL PAPERBOARD-Prod.-Unadj. *	32177	34039	2886	2738	2622	2897	33168	-4.2
- Containerboard Prod.(Dom. Use)	19173	20993	1748	1620	1596	1757	20332	-3.5
- Boxboard Prod.(Dom. Use) (2)	5551	5783	462	512	383	512	5726	-2.0
- All Other P'bd Prod.(D.U.) (2)	4441	4531	473	392	380	413	4657	-2.5
- Total Paperbd Prod. for Export	3012	2731	203	214	212	216	2374	-18.6
TOTAL PAPERBOARD PROD.- S.A. *			2736	2709	2726	2810	32796	-3.7
TOTAL PAPER AND PAPERBOARD								
Production - actual *	65000	68457	5756	5498	5380	5796	67323	-2.9
Production - S.A. *			5522	5529	5638	5629	66892	-2.5

(1)Includes all exports of kraft paperboard.
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983.

P Preliminary
R Revised
S.A. Seasonally Adjusted

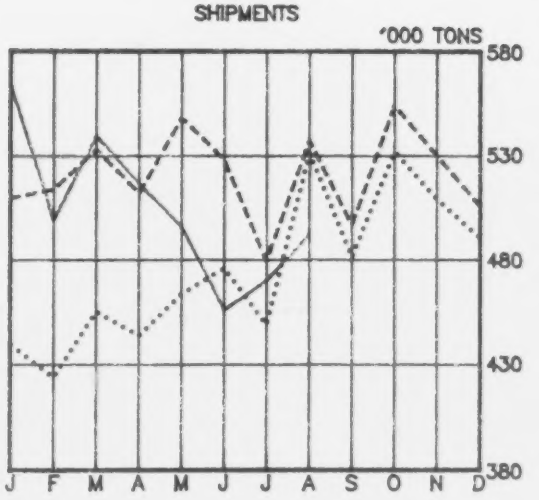
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



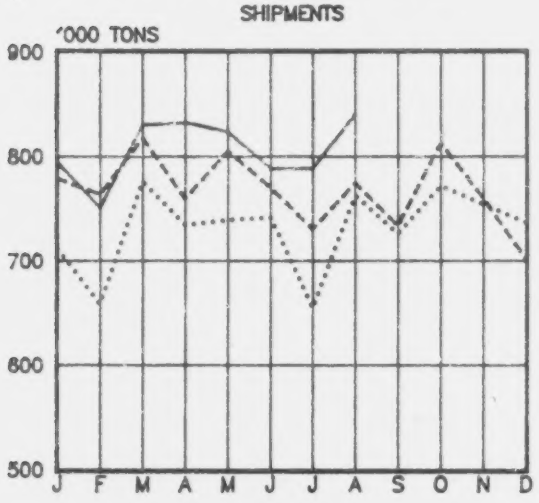
COATED PAPER

SHIPMENTS



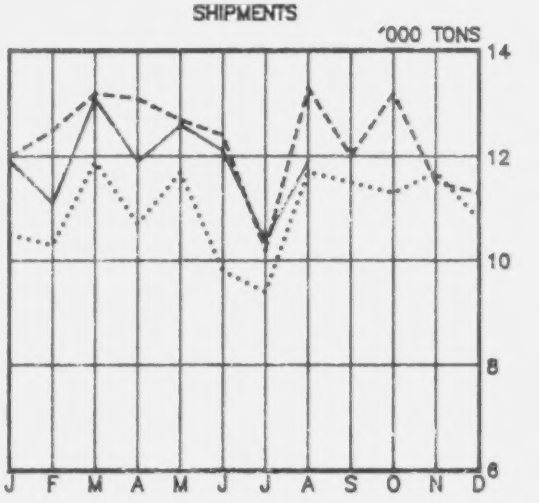
UNCOATED FREE SHEET PAPERS

SHIPMENTS



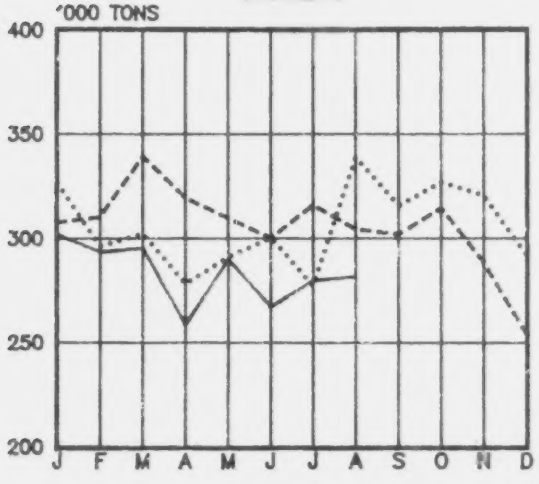
COTTON FIBER PAPER

SHIPMENTS



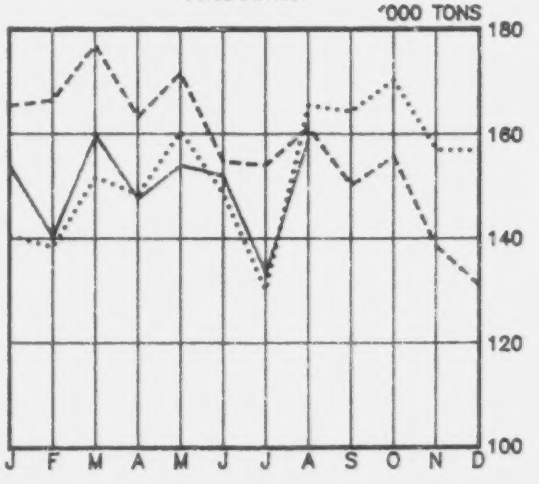
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 ····· 1984 - - - - - 1985 ———

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1983	YEAR 1984	APR 1985	MAY 1985	JUNE 1985	JULY 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	52537	55548	4394	4522	4456	4499	54311	-2.6
- Imports	4093	4490	335	380	384	382	4515	3.7
- Exports	3644	3594	328	309	372	334	3883	6.8
- New Supply	52986	56445	4401	4594	4467	4547	54943	-2.7
Dissolving Pulp - Production	1261	1206	104	112	97	86	1237	-1.7
- Imports	192	161	7	13	10	8	149	-6.8
- Exports	647	595	59	46	80	52	717	15.6
- New Supply	806	772	52	79	27	42	669	-16.2
Paper Grades - Production	42358	44732	3506	3618	3584	3632	43640	-2.6
Chemical Pulp - Imports	3706	4023	324	339	364	343	4147	5.4
- Exports	2958	2945	267	262	291	282	3141	6.2
- New Supply	43106	45810	3562	3695	3657	3694	44647	-2.5
Groundwood and - Production	5067	5509	451	441	428	445	5359	-3.7
Thermo-Mech. - Imports	195	306	4	27	10	31	219	-16.2
- Exports	40	54	1	1	1	1	25	-58.1
- New Supply	5222	5762	454	467	437	475	5552	-3.7
Semi-Chemical - Production	3851	4100	333	352	346	335	4075	-1.4
- Imports								
- Exports			- - - - -	Included in Groundwood Pulp			- - - - -	
- New Supply	3851	4100	333	352	346	335	4075	-1.4
MARKET WOOD PULP								
Total Market - Production	6478	6891	563	542	568	591	6927	1.5
Wood Pulp - Imports	2945	2968	206	270	228	248	2796	-5.1
- Exports	3421	3511	333	352	375	274	3808	6.6
- New Supply	6002	6347	436	460	421	566	5916	-4.6
Dissolving Pulp - Production	1260	1197	104	112	97	86	1237	-1.6
- Imports	210	204	8	16	11	19	182	-13.5
- Exports	698	690	58	70	78	31	691	-2.1
- New Supply	772	710	54	58	30	74	727	-4.3
Paper Grades - Production	5206	5680	457	429	470	504	5678	2.2
Chemical Pulp - Imports	2698	2664	197	235	213	220	2539	-4.8
- Exports	2723	2821	275	281	297	242	3115	8.7
- New Supply	5181	5524	380	383	386	482	5103	-4.7
Groundwood Pulp - Production	12	13	1	0	1	1	13	-3.9
and All Other - Imports	38	100	1	20	4	9	75	6.6
- Exports	0	0	0	1	0	0	2	0.0
- New Supply	49	113	2	20	5	10	86	3.3

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

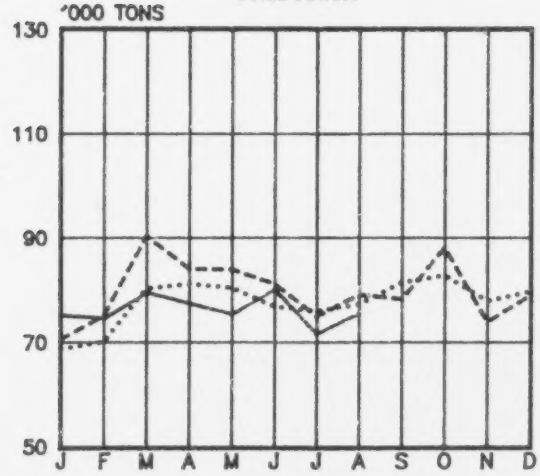
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	70679	5584	5704	5634	5647	68517	-3.2
Total Wood Pulp	51434	54664	4339	4481	4369	4434	53366	-2.7
Waste Paper	14696	16015	1245	1223	1264	1212	15151	-4.7
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	165	175	192	186	186	17.2
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	636	560	529	563	563	48.7
Mkt Pulp at Ppr. & Bd. Mills *	550	484	449	444	442	414	414	-27.7
Waste Paper at Paper &Bd. Mills	920	1025	994	970	985	1011	1011	4.2
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	50	36	32	36	36	36	20.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

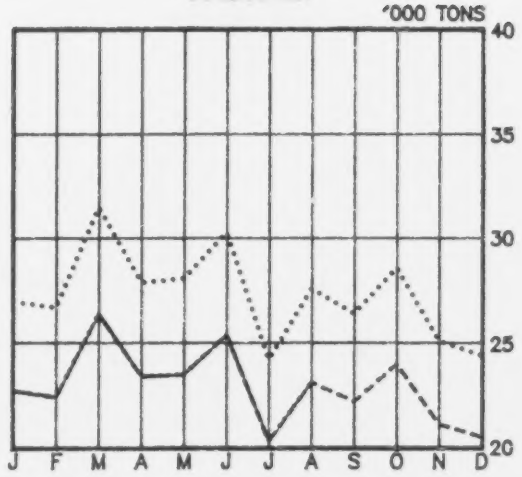
BLEACHED BRISTOLS

PRODUCTION



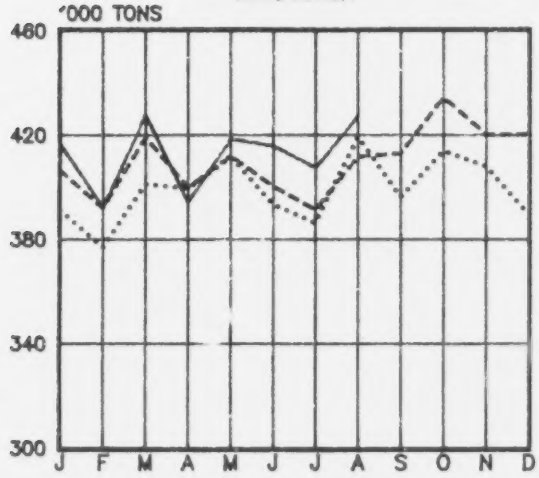
THIN PAPER

PRODUCTION



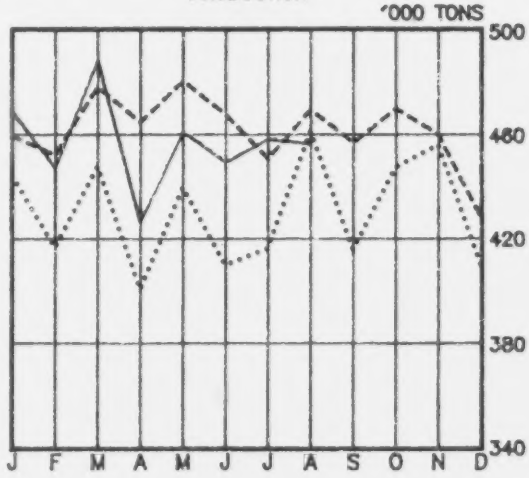
TISSUE PAPER

PRODUCTION



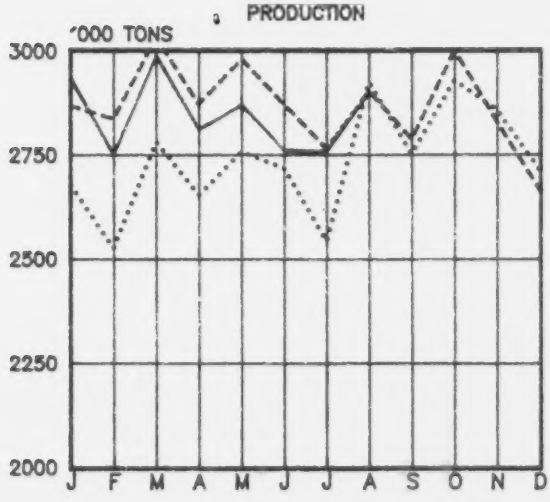
NEWSPRINT

PRODUCTION



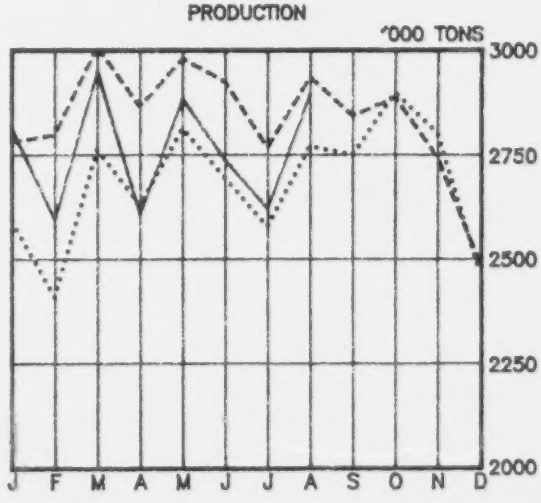
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ····· 1984 - - - - -1985 ———

F I B R O U S R A W M A T E R I A L S

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1983	YEAR 1984	APR. 1985	MAY 1985	JUNE 1985	JULY 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	84475	88876	7009	6958	6918	7003	85577	-3.4
	- Total Consumpt	85442	87646	7148	7072	6943	7022	86109	-2.2
	- Residues *	32755	32072	2659	2592	2520	2413	30291	-7.1
	- Inventories	5229	5574	5136	4952	4925	4881	4881	5.6
So. Atlantic	- Total Receipts	25736	27654	2239	2178	2189	2215	27228	2.5
	- Total Consumpt	25847	27344	2284	2203	2252	2225	27542	3.7
	- Residues *	7904	8198	623	624	629	581	7692	-5.4
	- Inventories	1163	1444	1296	1195	1109	1086	1086	4.5
Northeast	- Total Receipts	7051	7665	542	561	563	621	7443	-0.7
	- Total Consumpt	7274	7474	685	600	589	624	7694	0.6
	- Residues *	1199	1501	142	142	141	110	1582	13.5
	- Inventories	577	590	490	442	442	409	409	-3.1
South Central	- Total Receipts	29409	30693	2556	2504	2461	2404	30038	-2.4
	- Total Consumpt	29152	30502	2435	2505	2514	2468	30225	-1.1
	- Residues *	9218	9059	820	790	779	711	9257	2.7
	- Inventories	1536	1304	1170	1200	1143	1148	1148	-3.6
North Central	- Total Receipts	6265	6872	392	503	554	530	6444	-8.5
	- Total Consumpt	6343	6563	524	551	518	502	6338	-6.5
	- Residues *	1822	1472	108	112	109	97	1327	-13.2
	- Inventories	851	906	879	833	854	871	871	6.6
West	- Total Receipts	16014	15992	1280	1212	1151	1233	14424	-13.1
	- Total Consumpt	16826	15763	1220	1213	1070	1203	14311	-13.5
	- Residues *	12612	11842	966	924	862	914	10433	-16.7
	- Inventories	1102	1330	1301	1282	1377	1367	1367	18.7

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

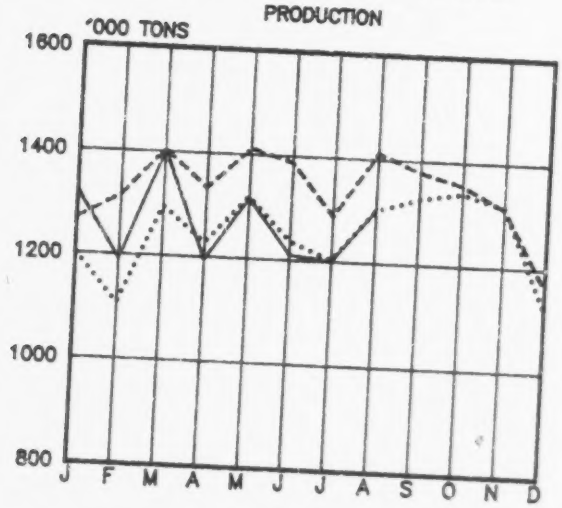
	YEAR 1984 Tons	YEAR 1984 $000's	JUNE 1985 Tons	JUNE 1985 $000's	JULY 1985 Tons	JULY 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	207520	10591	969	100	293	149	37150	-76.8
Pulpwood chips	2061270	45353	43599	1386	70826	2235	1016244	-59.4
Wood Pulp, Total	4059913	1678908	357819	124788	343464	113058	4782978	19.1
Waste Fibrous Materials, Total	151957	25187	11811	2088	11322	2187	184357	15.3
Paper, Board & Products, Total	9401285	4048656	803338	355979	774998	341030	11331762	25.1
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9330954	3927255	794766	343285	767014	329863	11236702	25.9
Paper, Paperboard & Products	8948073	3946084	762247	345757	742581	332746	10862300	25.6
Paper & Paperboard, Only	8877742	3824684	753675	333063	734597	321578	10767239	25.5
Paper, Total	8662094	3762205	739594	329156	723171	318533	10590121	26.8
Newsprint	7681341	3224596	666914	290112	636751	273073	9477026	26.8
Printing, Writing & Rel. Pap.	852879	457438	58604	30102	72081	37566	920579	22.1
Pack. & Ind. Conv. Paper	101131	59408	8995	5363	9907	5086	130877	23.0
Special Industrial Paper	3232	5437	328	609	213	354	3673	16.2
Tissue Paper	23512	15326	4752	2970	4220	2455	57965	2.1.6
Paperboard, Total	215648	62479	14082	3907	11425	3045	177118	-23.8
Convtd Paper&Paperbd Products	70331	121401	8572	12694	7984	11168	95061	46.4
Wet Machine Board	2098	1426	237	166	184	123	2477	-3.6
Construction Paper & Board	451113	101146	40854	10057	32234	8162	466985	15.1

Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	3697	198	3027	179	45790	-37.0
Pulpwood chips	28445	1544	6813	353	6282	419	97830	171.6
Wood Pulp, Total	180850	82653	16098	6833	18217	7331	235038	40.2
Cotton Pulp & Other Pulp	10474	6605	487	272	631	407	11896	5.4
Waste Paper	325712	37937	26696	2471	17120	1901	266682	-19.8
Paper, Board & Products, Total	756499	524570	61918	44621	48827	32358	849712	6.5
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	569696	358082	47785	30593	33744	20757	654845	12.8
Paper, Paperboard & Products	726888	511454	59730	43589	46975	31560	821144	7.3
Paper & Paperboard, Only	540085	344966	45597	29562	31892	19958	626276	14.2
Paper, Total	296791	245610	22345	20456	16424	13413	335448	6.1
Newsprint	4493	1678	49	75	198	194	3598	-36.0
Printing, Writing & Rel. Pap.	137839	125802	11627	10437	7946	6788	171769	21.8
Pack. & Ind. Conv. Paper	46661	26918	4618	2382	2540	1202	54091	16.1
Special Industrial Paper	104039	85328	5677	7086	5590	5023	102793	-14.5
Tissue Paper	3758	3883	374	476	151	206	3197	17.9
Paperboard, Total	243294	99357	23252	9106	15468	6545	290828	25.1
Convtd Paper&Paperbd Products	186803	166488	14133	14028	15083	11601	194868	-10.2
Wet Machine Board	5312	3707	651	482	358	285	6286	13.3
Construction Paper & Board	24299	9409	1538	550	1493	513	22282	-15.5

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data

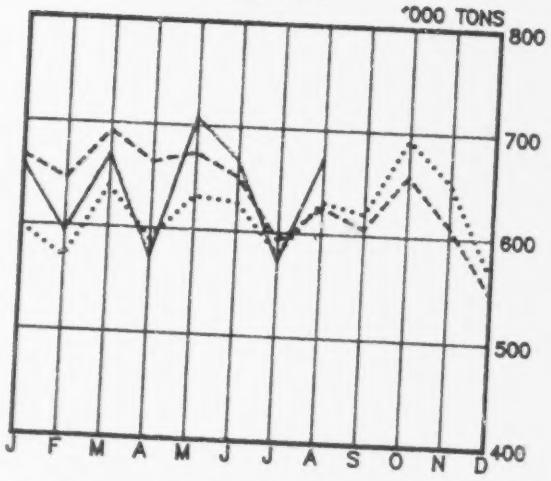
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



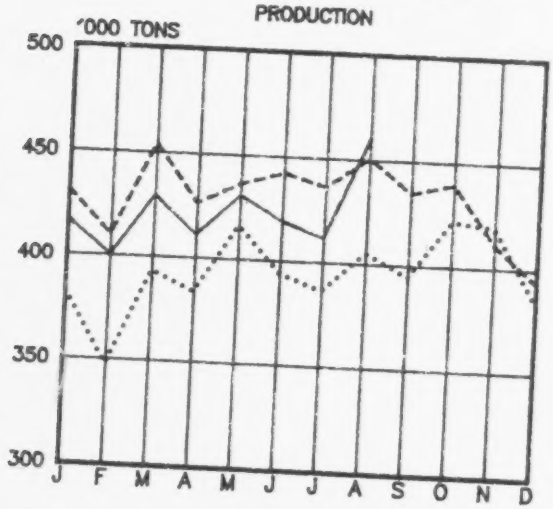
RECYCLED PAPERBOARD

PRODUCTION



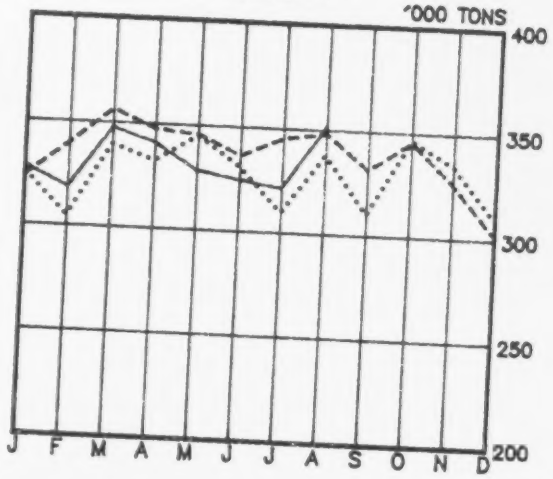
SEMICHEMICAL PAPERBOARD

PRODUCTION



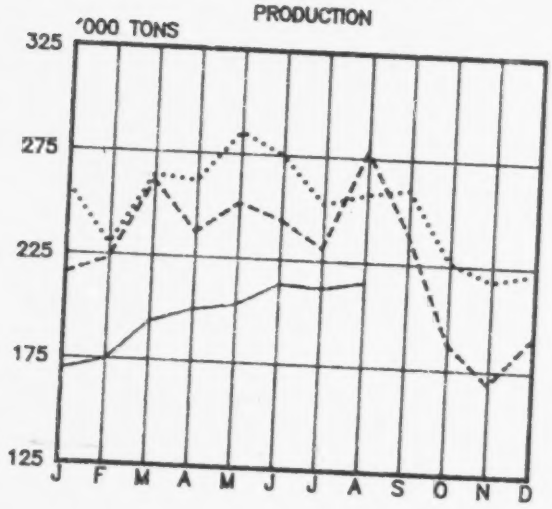
SOLID BLEACHED PAPERBOARD

PRODUCTION



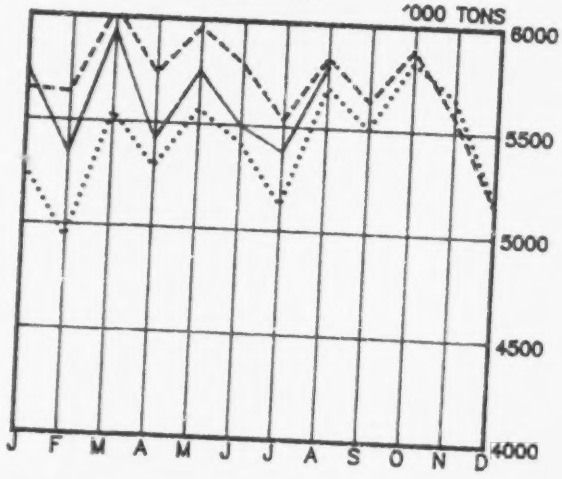
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 ····· 1984 - - - - -1985 ——

I M P O R T S

	YEAR 1984 Tons	YEAR 1984 $000	JUNE 1985 Tons	JUNE 1985 $000	JULY 1985 Tons	JULY 1985 $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood Roundwood (cords)	207733	10615	1969	116	293	149	49219	-74.4
Pulpwood Chips	2062545	45396	43635	1391	70891	2242	872393	-63.7
Total All Imports	15739471	7204351	1330441	597095	1324211	587553	16245138	1.7
Wood Pulp Total	4490081	1844768	383675	132636	391852	126377	4531874	4.1
Waste Paper	109712	11692	6964	734	5552	648	80266	-28.5
Other Fibrous Materials	64367	24097	6262	2199	7406	2337	98416	39.8
Paper Board & Products Total	11075312	5323794	933540	461526	919401	458192	11534642	5.1
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	10854312	4781475	906874	407655	895473	403574	11274687	4.7
Paper Ppbd & Prds ex Cnst&WMB	10575656	5207697	886697	449205	879527	447305	11073550	5.5
Paper & Paperboard Only	10354656	4665378	860030	395334	855599	392686	10813595	5.1
Paper Total	10112041	4591486	845504	391138	841449	388451	10634590	6.0
Newsprint	7893877	3299570	692843	300175	668377	285769	8470419	8.3
Printing & Writing	2042368	1168989	132238	76729	153240	89217	1944291	-4.3
Uncoated Groundwood	1040049	548791	65267	34210	83169	42302	1038283	-3.9
Coated Print.& Impreg. Pap.	428274	295844	34880	25220	36881	27149	540119	42.9
Uncoated Free Sheet	476950	284057	30013	15306	31092	17918	339165	-34.6
Uncoated Book	254926	156296	16946	8216	17269	8423	184654	-28.3
Writing and Similar Paper	222024	127761	13067	7090	13823	9495	154511	-40.8
Thin (except Cigarette)	46427	39513	1984	1863	1924	1738	25576	-53.5
Bristols	667	784	94	131	174	109	1147	83.8
Total Pkg & Other Paper	145484	102565	13675	10003	14139	10097	162067	4.7
Unbleached Kraft Paper	42854	19568	3238	1293	5142	1902	48062	2.0
Other Pkg. & Indust. Paper	102629	82997	10437	8710	8997	8196	114006	5.9
Tissue	30312	20362	6748	4231	5694	3368	57813	187.8
Paperboard, Total	242615	73892	14527	4197	14150	4236	179005	-31.1
Test or Containerboard	70028	22218	4703	1622	2870	904	50516	-32.2
Semi-Chemical Corrugating	103968	26098	6348	1314	5024	1012	62993	-41.8
Other Paperboard	68620	25576	3476	1260	6256	2319	65496	-14.9
Convtd Paper&Paperbd Products	221000	542319	26667	53871	23928	54618	259955	24.2
Paper Products, Total	186199	474151	24413	48693	22061	50336	235620	32.3
Paperboard Products, Total	34800	68168	2254	5178	1867	4283	24335	-22.1
Wet machine Board	2826	2017	297	222	263	298	3229	-0.5
Construction Paper & Board	496830	114050	46547	12099	39612	10590	457863	-3.1
Notes								
Other: No Weight Avail. ($000)		195737		19803		20580	215099	11.1
Total Imports Incl. Other($000)		7400088		616897		608133	7531918	4.8

E X P O R T S

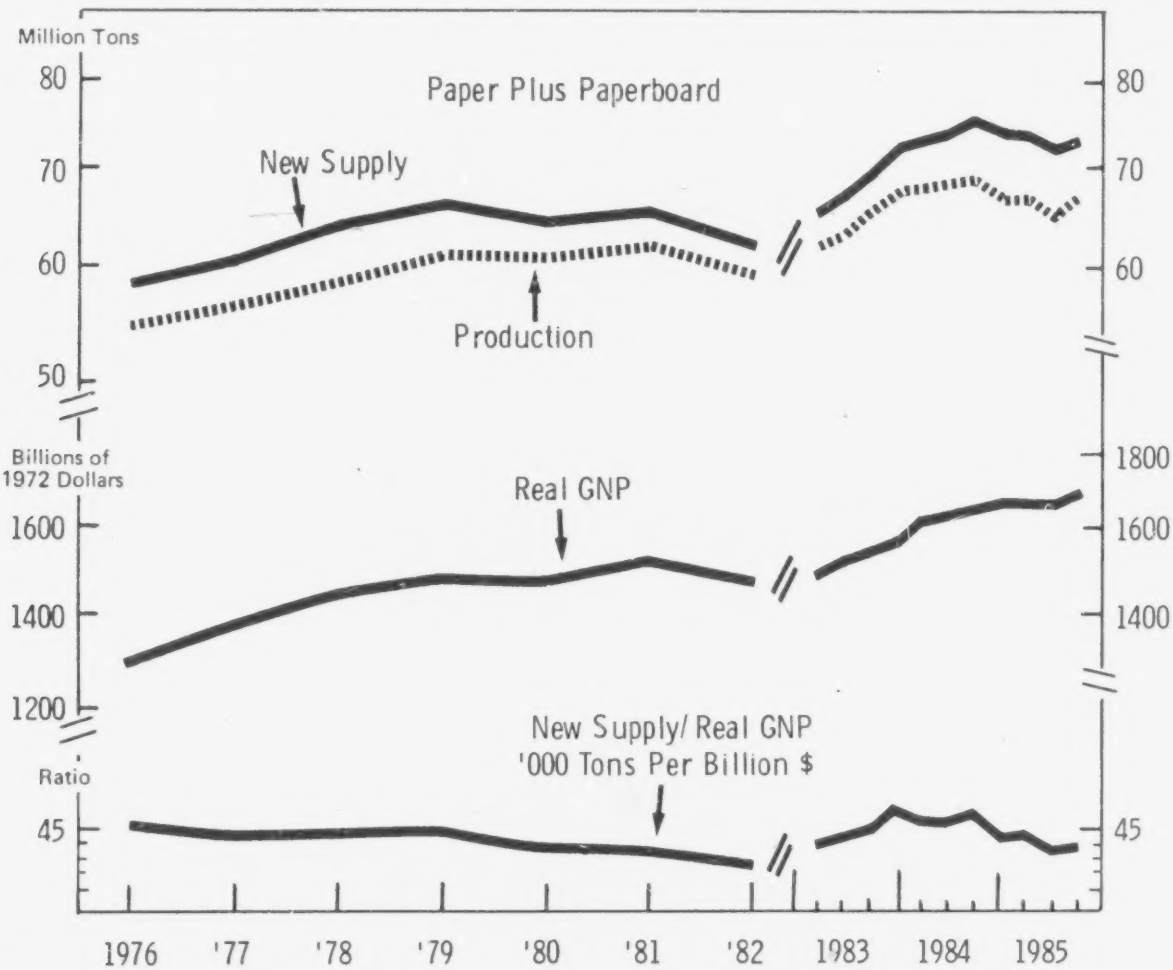
							(1)	
Pulpwood, Roundwood (cords)	95441	5714	3869	206	3027	179	39891	-48.3
Pulpwood Chips	2325213	164058	210307	15823	183915	13767	2272731	-3.0
Total All Exports	11300450	4524778	1077736	369652	916910	320272	11303908	-0.5
Wood Pulp,Total	3593585	1501948	371968	130126	334007	113828	3882041	6.7
Cotton Pulp and Other Pulp	84883	63545	10059	6755	9521	7843	95318	8.5
Waste and Old Paper	3235441	408128	321861	33301	257459	25445	3298875	6.7
Paper, Board & Products,Total	4386541	2551157	373848	199470	315923	173156	4027674	-11.7
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3818804	1789129	332713	142585	277424	121364	3513879	-11.3
Paper, Ppbd & Prod ex Cnst&WMB	4308873	2507184	369240	196999	311007	170251	3961473	-11.5
Paper & Paperboard, Only	3741136	1745156	328105	140115	272508	118459	3447678	-11.1
Paper, Total	810547	632490	65483	50564	53198	40297	790907	-5.5
Newsprint	306198	133964	25352	9916	22092	9213	315910	1.7
Printing & Writing	203156	219922	16734	17091	11367	12558	204127	-2.0
Uncoated Groundwood	30405	28875	3653	3180	1625	1524	36180	23.0
Clay Coated Paper	85714	71365	5783	6112	3755	3201	76154	-16.9
Uncoated Free Sheet	65410	87255	5112	5026	4251	5631	70349	8.4
Other Printing & Writing	21627	32427	2185	2773	1736	2202	21445	-4.1
Total Pkg. & Other Paper	284185	259323	22288	22211	19014	17371	250421	-16.4
Unbleached Kraft	106712	44382	7439	3198	6868	3081	73377	-32.1
Other Pkg. & Indust. Paper	177473	214941	14849	19013	12146	14291	177044	-7.6
Tissue	17009	19281	1109	1346	726	1154	20450	10.2
Paperboard, Total	2930588	1112666	262622	89551	219310	78162	2656771	-12.6
Solid Wood Pulp	2761732	1040239	245672	82599	207066	73031	2445409	-15.4
Total Linerboard	2058034	628531	180716	46140	144738	38512	1727686	-19.2
Bleached Kraft Linerboard	141367	57788	10447	3043	11212	3929	119421	-9.8
Unbleached Kraft Linerbd	1916667	570743	170269	43097	133527	34583	1608265	-19.8
Other Unbleached Kraft	110878	51270	15917	6288	14100	4121	115894	-11.9
Other Bleached Kraft	543209	348218	44877	28933	45896	29849	547908	-5.7
Semi-Chemical Corrugating	49612	12220	4162	1237	2331	549	53921	33.5
Recycled Paperboard	168856	72427	16951	6952	12245	5131	211362	41.6
Convtd Paper&Paperbd Products	567737	762028	41135	56884	38499	51792	513795	-14.2
Paper Products, Total	286403	516149	19668	39799	22504	36242	255362	-18.3
Paperboard Products, Total	281334	245879	21468	17085	15995	15551	258433	-9.8
Wet Machine Board	13782	7335	1263	684	582	369	12919	-9.0
Construction Paper & Board E	63887	36638	3344	1786	4334	2536	53282	-23.4
Notes								
Other: No Weight Avail. ($000)		8843		484		522	6589	-29.4
Total Exports Incl. Other($000)		4533621		370135		320793	4162579	-9.0

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1983	1984	MAY	JUNE	JULY	AUG.	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	271.4	292.9	293.3	292.9	291.9	289.8	294.1	1.3
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	273.3	293.8	295.8	295.5	294.5	292.3	296.4	1.9
Total Wood Pulp	347.1	395.0	342.4	346.1	345.5	338.4	353.3	-10.0
Total Paper	282.3	303.2	304.6	304.7	304.0	303.7	304.5	1.2
Total Paper, exc. Newsprint	277.0	301.2	300.1	300.1	300.2	300.1	299.9	-0.1
Newsprint	303.0	324.1	332.9	333.7	333.0	334.9	333.6	4.8
Total Paperboard	250.8	280.6	282.1	276.1	273.2	266.3	280.5	2.0
Total Paper and Paperboard *	272.4	296.1	297.5	295.8	294.3	292.0	297.0	1.4
Converted Products	265.4	280.7	288.8	289.0	288.3	286.7	289.2	4.1
Waste Paper	158.6	240.1	144.0	141.6	141.6	141.4	159.6	-35.1
All Commodities	303.1	310.4	309.9	309.5	309.0	307.2	309.1	-0.5
Industrial Commodities	315.7	322.6	325.3	325.2	324.3	323.6	323.8	0.5

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API 24-Sep-85



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Although there was some strengthening of shipments of the packaging and industrial converting grades in August, the 8-months rate was still about 9% below its corresponding 1984 level.

Paperboard: Paperboard production has shown a relatively weaker trend than paper so far this year, largely reflecting the generally flat trend of industrial production and weakness in exports. In addition, inventories of paperboard at both the mill and converter level became top-heavy in the early months of 1985, leading to reductions in output in the second quarter: these inventories are now being reduced. Despite a modest increase in the rate of production during the third quarter, inventories were reduced further.

Data on inventories of containerboard at mills and boxplants illustrate this trend. Mill inventories peaked at the end of the first quarter of 1985 and have since been in a declining trend, with the level at the end of August some 16% below the peak. The considerably larger inventories at boxplants showed a similar pattern; the subsequent decline brought the total below its year-ago level as of the end of August. At that time total inventories and mills and plants were equivalent to 7.2 weeks of supply, compared to 8.1 weeks at the end of the first quarter and 7.0 weeks at the end of August 1984.

The production trends for the major grades of paperboard are presented on page 3. The seasonally adjusted rate of total paperboard production in the January-July period was 2.5% below its year-ago rate; the unadjusted total, reflecting the extra leap-year day in 1984, was down 2.9%.

Total production of paperboard for export in the first eight months of 1985 fell 18.6%, paced by a 23.8% decline in exports of unbleached kraft linerboard. The recent decline in the value of the dollar may well stimulate export demand for paperboard sometime in 1986.

The effects of inventory-induced reductions in production were strongly evident in the containerboard grades. Production of containerboard for domestic use in the January-August 1985 period was 3.5% below its comparable year-ago total. Boxboard production for domestic use, which had been less affected by inventory changes, showed a more modest 2.0% decline in this period. Among the major boxboard grades, total production of solid bleached folding boxboard for domestic use fell 3.5%, but the recycled grades increased by 0.9%.

The production of milk carton and food service grades held up fairly well, with the eight months 1985 total down 0.7%. The standout performer in these grades was cup stock, which showed a 5.3% increase.

continued on page 12

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FIBROUS RAW MATERIALS

Wood pulp: In much the same manner as paperboard, the production of market wood pulp was also affected by a rather strong inventory cycle in 1985. The peak in that cycle came in February, when inventories of market pulp at wood pulp mills in the United States reached 695,000 short tons. The rate of production actually peaked in February, when the seasonally adjusted rate reached 510,000 tons per month. By the end of August a contraction in the production rate to 425,000 tons per month reduced inventories to about 550,000 tons.

For the entire January-August 1985 period, shipments of chemical paper grade market pulp were 2% above their year-ago total, reflecting a 7.2% increase in exports partly offset by a 3.2% decline in shipments to the domestic market. The strength in exports was largely concentrated in shipments to markets outside Canada, Europe and Japan and were 38% above their comparable year-ago level in the first eight months of 1985.

The 1984 and year-to-date 1985 import data for chemical paper grade market pulp have been revised to reflect a rather large change in data on shipments of market pulp from Canada to the U.S. The new figures show total imports of these grades of market pulp in 1984 at 2,664,000 short tons, some 1.3% below the 1983 level. This brought the new supply total to 5,524,000 tons, 6.6% above the 1983 total, with the gain reflecting an increase in domestic production and stable exports.

The new data show a somewhat stronger trend of chemical paper grade market pulp imports in 1985 than had been indicated earlier. Nevertheless, the rate of imports in the first seven months of 1985, based on these revisions, was 4.8% below its revised year ago total; the new supply total was down by 4.7%.

CAPITAL EXPENDITURES

Since the publication of our August 1985 report, the Department of Commerce revised its data on the industry's total expenditures for plant and equipment. The new data show that paper and allied products companies now expect to spend $8.2 billion for such purposes in 1985, compared to the $8.0 billion indicated in their previous report and the $7.8 billion reported only a few months earlier. This new figure represents a 13.9% gain over 1984's revised total of $7.2 billion, and is equivalent to over 11% of the total sales of these companies.

The total changes in tonnage capacity involved in these expenditures will be reported in the API's 1985 capacity survey, scheduled to be released in early November.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

September 30, 1985

PRODUCTION (000 TONS)

	Aug. 85	July 85	Aug. 84	Jan. - Aug. 85	Jan. - Aug. 84	% Change 85/84
PAPER GRADES	P	R				
Newsprint	456	458	470	3656	3723	-1.8
Printing & Writing	1575	1480	1557	12348	12356	-0.1
Uncoated Groundwood (s)	132	119	129	976	1068	-8.6
Coated Paper (s)	492	470	537	4032	4162	-3.1
Uncoated Free Sheet Paper (s)	840	789	775	6448	6199	4.0
Thin Paper (s)	23	20	23	187	187	0.0
Cotton Fiber Paper (s)	12	10	13	95	99	-4.4
Bleached Bristols (s)	76	72	79	610	640	-4.7
Tissue Paper	427	407	412	3299	3232	2.1
Total Pkg & Other Paper	441	413	465	3467	3821	-9.3
Unbleached Kraft Packaging & Indl. Converting (s)	282	280	304	2267	2507	-9.6
Other Paper *	159	133	161	1200	1314	-8.7
TOTAL PAPER	2899	2759	2903	22770	23132	-1.6
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1413	1315	1513	10953	11628	-5.8
Unbleached Kraft Linerboard	1304	1202	1412	10144	10824	-6.3
Other Unbl. Kraft Paperboard	109	113	100	810	805	0.6
Semichemical Paperboard	460	412	451	3381	3489	-3.1
Bleached Paperboard	352	321	348	2661	2743	-3.0
Recycled Paperboard	672	573	625	5116	5213	-1.9
TOTAL PAPERBOARD	2897	2622	2937	22112	23073	-4.2
TOTAL PAPER AND PAPERBOARD	5796	5380	5841	44882	46205	-2.9

WOOD PULP (ALL GRADES)	July 85	June 85	July 84	Jan. - May. 85	Jan. - May. 84	% Change 85/84
Dissolving & Special Alpha	86	97	99	722	734	-1.7
Bleached Sulfite	109	108	104	806	808	-0.3
Unbleached Sulfite	15	15	19	126	165	-23.8
Bleached & Semi-Bl. Sulfate	1913	1872	1799	13181	12932	1.9
Unbleached Sulfate	1595	1589	1702	11345	12224	-7.2
Semichemical	335	346	324	2377	2411	-1.4
Groundwood & Thermomechanical	445	428	448	3126	3245	-3.7
TOTAL PULP DIVISION DATA	4499	4456	4494	31681	32519	-2.6

(s) - Shipments
P - Preliminary
R - Revised

September 30,.1985

	Full Year		INDUSTRY DATA 1985			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	June	July	Aug	1985	
Total Production (API).....: excluding :...	65000	68457	5498	5380	5796	67323	-2.9
Total Seasonally Adjusted....:construction:...			5529	5638	5629	66893	-2.5
Imports (including Products).: and wet :..E	8509	10576	887	880	873	10999	3.8
Exports (including Products).: machine :..E	4501	4309	369	311	356	4001	-9.9
Apparent Consumption.....: grades :...	69008 a	74724 b	6047	6207	6146	73891 c	-1.1
Paper Production % Tonnage Capacity.....	92.0 g	93.4 g	88.5	84.8	88.9	90.7 gh	-
Paperboard Production % Tonnage Capacity.....	90.8 g	94.8 g	90.8	83.2	91.9	91.4 g	-
			May	June	July		
IMPORTS.....:Including Construction and :...	8985	11075	987	934	919	11534	5.1
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	303	374	316	4027	-11.7
MARKET WOOD PULP PRODUCTION - Tons (000).....	6478	6891	542	568	591	6927	1.5
TOTAL WOOD PULP PRODUCTION - Tons (000).....	52537	55548	4522	4456	4499	54306	-2.6
WOOD PULP IMPORTS - TONS (000).....	4093	4490	380	384	382	4516	3.7
WOOD PULP EXPORTS - TONS (000).....	3644	3594	309	372	334	3883	6.8
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			May	June	July		
Wood Pulp.....:consumption for:.....	51434	54664	4481	4369	4434	53364	-2.7
Waste Paper.....:construction & :.....	14696	16015	1223	1268	1212	15157	-4.6
TOTAL.....: WMB grades :.....	66130	70679	5704	5637	5646	68521	-3.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	83608	87646	7072	6943	7022	86109	-2.2
EMPLOYMENT (000)			June	July	Aug		
Paper and Allied Products.....Total.....	661.6	682.3	690.0	685.6	686.9	682.2	0.2
Pulp, Paper and Board Mills.....Total.....E	258.2	263.9	259.5	257.5	257.1	259.1	-1.8
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	9.94	10.44	10.77	10.91	10.86	10.75	3.9
Pulp, Paper Mills.....E	11.70	12.45	13.11	13.[illegible]	13.23	12.98	5.6
Paperboard Mills.....E	12.11	12.99	13.50	13.[illegible]	13.66	13.46	4.9
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q1	1985 Q2	1985 Q3		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.21	7.76	8.10	8.22	8.21y	13.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			June	July	Aug		
:IN PULP, PAPER :...Production Workers.....	118.0	119.9	118.3	116.2	125.5	120.7	-0.3
:AND BOARD MILLS:...All Employees.....	115.8	118.2	117.2	115.1	124.3	119.2	-0.3
PAPER AND ALLIED PRODUCTS (Million $)			May	June	July		
Industry Shipments (Dept. of Commerce)*.....	85662	95990	8190	8131	8135	97341	2.3
Pulp, Paper and Paperboard*.....	36346	41539	3436	3369	3464	41705	0.9
Inventories (End of Period) - Total Industry*..	8729	9701	9690	9678	9533	9533	1.1
Pulp, Paper and Paperboard*.....	3263	3662	3723	3774	3760	3760	8.3
			1984 Q3	1984 Q4	1985 Q1		
Sales (Corporations Only).....	65008	71891	18096	17642	17797	71188	1.9
Earnings (Corporations Only).....	2327	3015	951	493	718	2872	14.1
Depreciation (Corporations Only).....	2607	2798	706	700	765	3060	10.4
Net Worth (Corporations Only).....	27219	28160	28806	28160	29241	29241	5.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			June	July	Aug		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	292.9	291.9	289.8	294.1	1.3
Wood Pulp.....	347.1	395.0	346.1	345.5	338.4	353.3	-10.0
Waste Paper.....	N.A.	240.1	141.6	141.6	141.4	159.6	-35.1
Paper.....	282.3	303.2	304.7	304.0	303.7	304.5	1.2
Paperboard.....	250.8	280.6	276.2	273.2	266.3	280.5	2.0
PAPER DEMAND (INDEXED: 1977=100)			June	July	Aug		
Total Paper Production *.....	157.0	164.3	161.7	167.0	161.7	162.9	-1.2
Paper New Supply *.....	147.2	160.0	158.8	163.0	159.0	161.1	0.4
Demand Indicators - (Weighted Average) *.....	123.0	136.7	142.5	142.8	144.6	141.4	4.3
Production of Nondurable Goods *.◊.(21.2%).	113.7	122.5	125.4	125.8	126.1	124.7	2.1
Disposable Income (Constant $'67).*.(23.9%)	116.1	124.0	126.0	126.4	126.7	126.6	2.8
Total Printing and Publishing *.◊.(54.9%).	129.6	147.8	156.3	156.4	157.8	154.2	5.4
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	141.2	148.9	142.5	143.4	147.8	143.7	-3.7
Production for Domestic Use	135.5	145.4	140.7	134.3	149.5	143.0	-2.8
Demand Indicators - (Weighted Average) *.....	107.9	118.3	120.2	119.9	120.6	119.8	1.6
Production of Consumer Goods *.◊.(62.06%)	109.3	118.2	120.7	120.4	121.3	120.0	1.8
Production of Equipment *.◊.(5.75%)	121.7	140.5	146.4	146.4	147.1	146.3	5.9
Production of Materials *.◊.(32.19%)	102.8	114.6	114.5	114.3	114.5	114.9	0.3
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			May	June	July		
Consumption by Publishers - Tons (000).....	11671	12612	1112.2	1052.7	992.1	12404	1.5
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	451.6	454.0	453.5	450.8	2.7
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	10135	11761	13306	12322	9468	143676	-2.7
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	22776	26532	2934	2782	2861	33948	9.4
Inventories (End of Period).	1885	2341	2934	2981	2964	2964	14.8
FIBRE BOX DATA (Fibre Box Association)			June	July	Aug		
Fibre Box Shipments (Million square feet).....	252539	267549	21289	22004	23167	264413	-2.2
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2838	2818	2684	2684	-1.0
RETAIL TRADE (Million $)			May	June	July		
Total Retail Sales *.....	1171915	1291835	114884	113730	113912	1189199	5.9
Nondurable Goods Stores Sales *.....	793398	841417	72095	71666	71694	750504	2.6
GENERAL ECONOMIC DATA			June	July	Aug		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*.◊	109.2	121.8	124.4	124.4	124.8	124.1	2.5
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	309.5	309.0	307.2	309.1	-0.5
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	322.3	322.8	323.5	320.3	3.6
			May	June	July		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.9	461.0	488.7	497.4	503.8	503.8	15.7
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q1	1985 Q2	1985 Q3		
G.N.P. or Expenditure - Current $.....	3304.8	3662.8	3810.6	3853.1	3909.7	3857.8	8.6
G.N.P. or Expenditure - 1972 $.....	1534.7	1639.3	1663.5	1671.6	1682.9	1672.7	3.8

lb/capita
Pap&Papbd Othr Totl Popul(mil)
.a - 589 + 18 = 607 234.2
.b - 631 + 18 = 649 234.9
.c - 627 + 18 = 645 234.9
.E - Last month estimated by API
.e - estimated by API

E - Wood Pulp Production excludes det., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted
◊ - Series now indexed to 1977 instead of 1967.